



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

January 29, 2001

MEMORANDUM

TO: RON M. HARRIS
PRESS OFFICER
PRESS OFFICE

FROM: ROBERT J. COSTA *RJC*
ASSISTANT STAFF DIRECTOR
AUDIT DIVISION

SUBJECT: PUBLIC ISSUANCE OF THE FINAL AUDIT REPORT ON
NORTH CAROLINA DEMOCRATIC VICTORY FUND

Attached please find a copy of the final audit report and related documents on North Carolina Democratic Victory Fund which was approved by the Commission on January 19, 2001.

Informational copies of the report have been received by all parties involved and the report may be released to the public.

Attachment as stated

cc: Office of General Counsel
Office of Public Disclosure
Reports Analysis Division
FEC Library

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REPORT OF THE AUDIT DIVISION
ON THE
**NORTH CAROLINA DEMOCRATIC
VICTORY FUND**

Approved January 19, 2001



FEDERAL ELECTION COMMISSION

999 E STREET, N.W.

WASHINGTON, D.C.

TABLE OF CONTENTS

**NORTH CAROLINA DEMOCRATIC
VICTORY FUND**

	Page
Executive Summary	1
Final Audit Report	3
Background	3
Findings	5
Legal Analysis	13
Transmittal to Committee	17
Chronology	19

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**REPORT OF THE AUDIT DIVISION ON
NORTH CAROLINA DEMOCRATIC VICTORY FUND
EXECUTIVE SUMMARY**

The North Carolina Democratic Victory Fund (the Committee) registered with the Federal Election Commission on February 24, 1983 and maintains its headquarters in Raleigh, North Carolina. The audit was conducted pursuant to 2 U.S.C. Section 438(b), which states that the Commission may conduct audits of any political committee whose reports fail to meet the threshold level of compliance set by the Commission.

The findings from this audit were presented to the Committee at an exit conference held subsequent to the completion of fieldwork on December 10, 1999, and later in an interim audit report. The Committee's response to the findings are included in this final audit report.

The following is an overview of the findings contained in the final audit report.

POSSIBLE IMPERMISSIBLE EXPENDITURES ON BEHALF OF EDWARDS FOR SENATE — 2 U.S.C. §§441a(d)(1) and (3); 441a(a)(2)(A) and (7)(B)(i); 441a(f); and 11 C.F.R §§ 110.7(a)(4), (b)(3), and (c). The Audit staff identified expenditures that appeared to exceed the Committee's spending authority for 441a(d) coordinated expenditures on behalf of John Edwards, the Democratic candidate for U.S. Senator in the 1998 general election, by \$63,130. However, documentation provided in response to the interim audit report established that certain of these expenditures should not have been attributed to the Committee's 441a(d) limitation. Therefore, the Committee did not exceed its spending authority relative to the Edwards campaign.

DISCLOSURE OF JOINT FUNDRAISING ACTIVITIES — 11 C.F.R §§ 102.17(c)(4)(ii) and (c)(8)(B). The Committee participated in two separate joint fundraising activities. On its disclosure reports, the Committee disclosed the receipt of net proceeds from the fundraisers but did not in each case file memo Schedules A (Itemized Receipts) itemizing its share of the gross receipts as contributions from the original contributors. Subsequent to the exit conference held at the conclusion of audit fieldwork, the Committee filed the necessary memo Schedules A.

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**REPORT OF THE AUDIT DIVISION
ON THE
NORTH CAROLINA DEMOCRATIC VICTORY FUND**

I. BACKGROUND

A. AUDIT AUTHORITY

This report is based on an audit of the North Carolina Democratic Victory Fund (the Committee), undertaken by the Audit Division of the Federal Election Commission (the Commission) in accordance with the provisions of the Federal Election Campaign Act of 1971, as amended (the Act). The audit was conducted pursuant to Section 438(b) of Title 2 of the United States Code which states, in part, that the Commission may conduct audits and field investigations of any political committee required to file a report under section 434 of this title. Prior to conducting any audit under this subsection, the Commission shall perform an internal review of reports filed by the selected committees to determine if reports filed by a particular committee meet the threshold requirements for substantial compliance with the Act.

B. AUDIT COVERAGE

The audit covered the period January 1, 1997 through December 31, 1998. During this period, the Committee reported a beginning cash balance of \$4,681; total receipts for the period of \$5,123,440; total disbursements for the period of \$5,083,654; and an ending cash balance of \$44,467¹.

C. CAMPAIGN ORGANIZATION

The Committee registered with the Federal Election Commission on February 24, 1983. The Treasurer for the Committee, during the audit period and currently, is Mr. W. Lyndo Tippett. The Committee maintains its headquarters in Raleigh, North Carolina.

To manage its financial activity, the Committee maintained 12 bank accounts during the audit period; 4 federal and 8 non-federal. The Committee did not maintain a separate allocation account to pay for shared federal/non-federal expenses. The

¹ All figures in the report have been rounded to the nearest dollar.

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Committee's receipts were composed of contributions from individuals, political party committees, other political committees (such as PACs), transfers from affiliated committees, loans, loan repayments, offsets to operating expenditures (such as refunds and rebates), and transfers from non-federal account for joint activity.

D. AUDIT SCOPE AND PROCEDURES

The audit included testing of the following categories:

1. The receipt of contributions or loans in excess of the statutory limitations;
2. the receipt of contributions from prohibited sources, such as those from corporations or labor organizations;
3. proper disclosure of contributions from individuals, political committees and other entities, to include the itemization of contributions when required, as well as, the completeness and accuracy of the information disclosed (see Finding II.B.);
4. proper disclosure of disbursements including the itemization of disbursements when required, as well as, the completeness and accuracy of the information disclosed (see Finding II.A.);
5. proper disclosure of campaign debts and obligations, including loans;
6. the accuracy of total reported receipts, disbursements and cash balances as compared to bank records;
7. adequate recordkeeping of committee transactions;
8. proper reporting and funding of allocable expenses;
9. other audit procedures that were deemed necessary in the situation.

Unless specifically discussed below, no material non-compliance was detected. It should be noted that the Commission may pursue any of the matters discussed in this report in an enforcement action.

II. AUDIT FINDINGS AND RECOMMENDATIONS

A. POSSIBLE IMPERMISSIBLE EXPENDITURES ON BEHALF OF EDWARDS FOR SENATE

Section 441a(d)(1) of Title 2 of the United States Code and Section 110.7(b)(1) of Title 11 of the Code of Federal Regulations states, in part, notwithstanding any other provisions of law with respect to limitations on expenditures or limitations on contributions, the national committee of the political party and a State committee of the political party, including any subordinate committee of a State committee, may make expenditures in connection with the general election campaign of candidates for Federal office in that State who is affiliated with the party.

Section 441a(d)(3) of Title 2 of the United States Code and Section 110.7(b)(2) of Title 11 of the Code of Federal Regulations states, in part, the national committee of a political party, or a State committee of a political party, including any subordinate committee of a State committee, may not make any expenditure in connection with the general election campaign of a candidate for Federal office in a State who is affiliated with such party which exceeds — In the case of a candidate for election to the office of Senator, the greater of — Two cents multiplied by the voting age population of the State; or Twenty thousand dollars.

Sections 110.7(b)(3) and 110.7(c) of Title 11 of the Code of Federal Regulations state “Any expenditure under paragraph (b) shall be in addition to any contribution by a committee to the candidate permissible under §110.1 or §110.2;” and “For limitation purposes, State committee includes subordinate State committees. State committees and subordinate State committees shall not exceed the limits in paragraph (b)(2) of this section.”

Section 110.7(a)(4) of Title 11 of the Code of Federal Regulations allows the national committee of a political party to make expenditures authorized by this section through any designated agent, including State and subordinate party committees.

Section 441a(a)(2)(A) of Title 2 of the United States Code states no multicandidate political committee shall make contributions to any candidate and his authorized political committees with respect to any election for Federal office which, in the aggregate, exceed \$5,000.

Section 441a(a)(7)(B)(i) of Title 2 of the United States Code states expenditures made by any person in cooperation, consultation, or concert, with, or at the request or suggestion of, a candidate, his authorized political committees, or their agents, shall be considered to be a contribution to such candidate.

Section 441a(f) of Title 2 of the United States Code states no candidate or political committee shall knowingly accept any contributions or make any expenditure in violation of the provisions of this section. No officer or employee of a political committee shall knowingly accept a contribution made for the benefit or use of a candidate, or knowingly make any expenditure on behalf of a candidate, in violation of any limitation imposed on contributions and expenditures.

The 1998 coordinated expenditure limit in the case of a candidate for election to the office of U.S. Senator from the State of North Carolina was \$361,435. The Democratic Senatorial Campaign Committee (DSCC) assigned, in writing, its spending authority to the Committee. Accordingly, the Committee's spending authority for coordinated expenditures was limited to \$722,870 on behalf of John Edwards, the Democratic candidate for U.S. Senator in the 1998 general election.

The Committee's reports reflected coordinated expenditures in the amount of \$702,858 on behalf of John Edwards. Our review of Committee expenditures made to selected vendors identified the payment of additional expenses which appeared to be made on behalf of John Edwards; these payments were not reported as coordinated expenditures.

1. Hickman Brown

Hickman Brown, a public opinion research firm, conducted polls and focus groups for the Committee. Total payments of \$392,902 were reviewed for this vendor consisting of \$242,902 for the cost of polls and \$150,000 in consulting fees. Our review determined that \$219,702 of the costs of the polls was allocable to Senatorial candidate, John Edwards' campaign and \$23,200 was allocable to the Committee. It should be noted that the Audit staff agrees with the Committee's allocation of the polls. Allocating the \$150,000 in consulting fees on the same basis that the polls were allocated to the committees results in \$135,000 allocable to Edwards for Senate and \$15,000 allocable to the Committee.

Of the \$354,702 (219,702 + \$135,000) allocable to Edwards for Senate, \$135,402 was disclosed by the Committee as coordinated expenditures on Schedule F, "Itemized Coordinated Expenditures Made by Political Party Committees or Designated Agents on Behalf of Candidates for Federal Office (2 U.S.C. §441a(d))." Edwards for Senate reimbursed the Committee \$159,300², leaving a balance of \$60,000 paid by the Committee but not recognized as a coordinated expenditure. At the time of the interim audit report, it was our opinion that this \$60,000 was applicable to the coordinated expenditure limitation.

² Edwards for Senate committee reported these reimbursements as "polling reimbursements." The reimbursements were reported as follows: \$60,000 on 10/7/98, \$35,000 on 10/15/98, \$10,000 on 10/30/98, and \$54,300 on 5/11/99.

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Evidence of coordination exists in the form of a Committee response to a Commission Request for Additional Information (RAFI) regarding the Committee's disclosure of a debt from Edwards for Senate. In the response dated June 3, 1999, the Committee stated, "the remaining payments to Hickman Brown resulted in reimbursable expenditures by John Edwards Campaign hence the debt showing on Schedule C. The debt did not arise from direct contributions to the candidate's committee." Regarding \$75,000 of the consulting fees, the response stated the following:

"...further review by our staff in conjunction with our vendor, consultants and the John Edwards Campaign established that there was a \$75,000 retainer paid by NCDP [North Carolina Democratic Party] that related to activities conducted on behalf of the entire democratic ticket."

Based on the above information, it was our opinion that \$60,000 was applicable to the coordinated expenditure limitation.

2. Pearce Research Associates

Our review indicated that the Committee made \$125,000 in payments to this vendor; \$50,000 was disclosed as coordinated expenditures on Schedule F, and \$75,000 was disclosed as joint federal/non-federal activity on Schedules H4. The reported purpose, for all expenditures to this vendor was "media consulting." A memorandum to the Governor of North Carolina that was contained in the Committee's records, indicated that the Committee may have paid \$25,000 of the \$75,000 on behalf of Edwards for Senate. The memorandum stated that there were several outstanding "add-on" expenditures the Edwards for Senate campaign was responsible for such as, Pearce Research Associates for \$25,000. The memorandum also stated that the Edwards campaign agreed to fund the "add-on" expenditures. Except for a canceled check and an invoice lacking detail, documentation to detail the purpose of the expenditures was not present in the Committee's records. Thus the Audit staff was unable to verify that the \$25,000 expenditure was made on behalf of the Edwards campaign. However, based on the memorandum in the Committee's records, the Audit staff included the amount in the total amount of expenditures made on behalf of John Edwards.

3. Bill Romjue

The memorandum to the Governor of North Carolina discussed above, also makes reference to a \$6,000 expenditure to Bill Romjue as one of the "several outstanding add-on expenditures that Edwards for Senate was held responsible for and agreed to fund. Our review identified an expenditure for \$6,000 to Bill Romjue disclosed by the Committee as joint federal/non-federal activity on Schedule H4. The reported purpose of the expenditure was "campaign consulting." Except for a canceled check, documentation to detail the purpose of the expenditure was not present in the

Committee's records. Thus the Audit staff was unable to verify that the expenditure was made on behalf of the Edwards campaign. However, based on the memorandum in the Committee's records, the Audit staff included the amount in the total amount of expenditures made on behalf of John Edwards.

At the exit conference, the Committee was asked to provide additional information regarding the consulting payments to Hickman Brown as well as additional documentation in the form of invoices or other vendor generated documents detailing the particulars of the \$25,000 and \$6,000 disbursements discussed above. Committee officials stated that the necessary documentation would be provided. As of 8/25/00, the date of the interim audit report, no documentation had been provided.

In summary, at the time of the interim audit report, it appeared that the Committee made expenditures on behalf of Edwards for Senate which exceeded the Committee's 441a(d) expenditure limitation and contribution limitation by \$63,130.

Amount Spent on Behalf of John Edwards

441a(d)(3)(A) Spending Limit (2 x \$361,435)		\$722,870
441a(a)(2)(A) Contribution Limit		5,000
Total Permissible Amount		\$727,870
Reported 441a(d)(3)(A) Expenditures	\$702,858	
Reimbursement from Edwards for Senate ³	(2,858)	
Additional Expenditures Identified:		
Hickman Brown	60,000	
Pearce Research Associates	25,000	
Bill Romjue	6,000	
Total Expenditures Identified		\$791,000
Excessive Amount		\$ 63,130

The Interim Audit Report recommended that the Committee provide evidence that the \$63,130 in expenditures described above were not in excess of the Committee's limitation for expenditures which could have been made on behalf of Edwards for Senate. The Committee was requested to provide documentation in the form of detailed invoices or other vendor generated information for the \$25,000 consulting payment to Pearce Research Associates, and the \$6,000 payment to Bill Romjue as noted above. Absent evidence to the contrary, the Committee was requested to seek a refund from Edwards for Senate in the amount of \$63,130 and present evidence of such refund. If Edwards for Senate lacked the funds necessary to make the reimbursement, the Committee was

³ Edwards for Senate reimbursed the Committee this amount for media production expense.

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with regard to gross proceeds as required under 11 CFR 102.8 and shall also forward such information to participating political committees. The fundraising representative shall also keep a record of the total amount of contributions received from prohibited sources, if any, and of all transfers of prohibited contributions to participants that can accept them.

The Committee participated in two separate joint fundraising activities. One activity involved the Association of State Democratic Chairs/Dollars for Democrats (ASDC); the other activity involved the Democratic National Committee (DNC). The Committee received transfers from the ASDC totaling \$194,530 and from the DNC totaling \$167,589, which represented the Committee's share of the net proceeds from each joint fundraising activity. Although the Committee, on its disclosure reports, disclosed the receipt of the net proceeds, it did not, in each case file memo Schedules A itemizing its share of the gross receipts as contributions from the original contributors.

During the exit conference, the Audit staff provided a schedule of the transfers to the Committee representatives, and also informed them of the irregularities in the reporting as noted above. The Committee representatives agreed to file the necessary memo Schedules A, showing its itemized share (\$32,635) of the gross receipts as contributions from the original contributors.

During the 10 day period following the exit conference, the Committee filed the necessary memo Schedules A for each joint fundraising activity. The memo Schedules A materially corrected the public record.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 15, 2000

MEMORANDUM

TO: Robert J. Costa
Assistant Staff Director
Audit Division

THROUGH: James A. Pehrkon
Staff Director

FROM: Lawrence M. Noble
General Counsel

BY: Kim Leslie Bright
Associate General Counsel

Rhonda J. Vosdigh
Assistant General Counsel

Delanie DeWitt Painter
Attorney

SUBJECT: Final Audit Report on the North Carolina Democratic Victory Fund (LRA # 576)

I. INTRODUCTION

The Office of General Counsel has reviewed the proposed Final Audit Report of the North Carolina Democratic Victory Fund (the "Committee"), which was submitted to this Office on November 27, 2000.¹ This memorandum presents our comments on the proposed Report. If you have any questions concerning our comments, please contact Delanie DeWitt Painter, the attorney assigned to this review.

¹ This Office recommends that the Commission consider the proposed Final Audit Report in open session because the document does not include matters exempt from public disclosure. See 11 C.F.R. § 2.4.

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II. POSSIBLE IMPERMISSIBLE EXPENDITURES ON BEHALF OF EDWARDS FOR SENATE (II. A.)²

This Office concurs with the proposed finding that the Committee did not make expenditures on behalf of Edwards for Senate in excess of the expenditure limitation at 2 U.S.C. § 441a(d). However, this Office recommends that the recitation of the law in the proposed Report be expanded to include 2 U.S.C. § 441a(d)(3) and 11 C.F.R. § 110.7(b)(2), (b)(3) and (c), which will make the discussion more legally accurate and complete. Specifically, the recitation of law should include 2 U.S.C. § 441a(d)(3) because it delineates the coordinated party expenditure limitations applicable to Senate candidates and 11 C.F.R. § 110.7(b)(2), (b)(3) and (c) because they provide additional clarification and guidance on the limitations.³

The Interim Audit Report concluded that the Committee exceeded the 2 U.S.C. § 441a(d) expenditure limitation on behalf of Democratic Senate candidate John Edwards by \$63,100 because it apparently made coordinated expenditures on behalf of Mr. Edwards to Hickman Brown Research, Inc. ("Hickman Brown") (\$60,000), Pearce Research Associates ("Pearce Research") (\$25,000) and Bill Romjue (\$6,000), which it did not report as coordinated expenditures.⁴ The Interim Audit Report recommended, *inter alia*, that the Committee provide evidence that the expenditures were not in excess of the coordinated party expenditure limitation and provide detailed invoices or other vendor-generated information for the payments to Pearce Research and Bill Romjue. In response, the Committee contends that the services of Hickman Brown and Pearce Research were on behalf of the Democratic Party's coordinated campaign, not Edwards for Senate, and consulting fees paid to Hickman Brown were not based on the amount of polling services. The Committee provided notarized affidavits from Stephen Bryant, Gary Pearce and Harrison Hickman to support its contentions. The Committee did not provide detailed invoices or other vendor-generated documents or address the payment to Bill Romjue. Based upon the affidavits, the Audit staff conclude that payments of \$60,000 to Hickman Brown and \$25,000 to Pearce Research should not be attributed to the 2 U.S.C. § 441a(d) limitation on

² The parenthetical reference corresponds to the section number in the proposed Report.

³ The proposed Report cites 11 C.F.R. § 110.7(a)(4), which permits a national party committee to make coordinated expenditures for presidential candidates through a designated agent. Section 110.7(b) permits a national party committee and a state party committee or its subordinate committee to make coordinated expenditures for federal candidates in that state, but does not explicitly provide that such expenditures may be made through a designated agent. Since the national committees may designate agents to use their 2 U.S.C. § 441a(d) spending authority for presidential campaigns, they should also be able to designate agents for campaigns for the United States Senate.

⁴ The auditors allocated Hickman Brown consulting fees between the Committee and Edwards for Senate in the same manner as polling expenses paid to that firm. Payments to Pearce Research and Bill Romjue were considered coordinated expenditures on behalf of Mr. Edwards based on a memorandum which states, "[t]here are several outstanding add-on expenses the Edwards campaign is responsible for such as Harrison Hickman (\$75,000), Gary Pearce (\$25,000), and Bill Romjue (\$6,000)." Memorandum to Governor Hunt and Franklin Freeman from Stephen Bryant, "Democratic Party Finances" (November 4, 1998). Documentation was insufficient to verify whether these expenditures were made on behalf of Edwards for Senate.

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behalf of Edwards for Senate, and thus, the Committee did not exceed the 2 U.S.C. § 441a(d) limitation.

This Office concurs that the affidavits adequately demonstrate the expenditures were not coordinated expenditures on behalf of Edwards for Senate. Although the Interim Audit Report requested detailed invoices and other vendor documents, the affidavits submitted are sufficient to resolve this issue. This Office believes that whether an affidavit or statement is sufficient to resolve an issue in an audit depends on the contents of the affidavit, the identity of the affiant, and the nature of the issue.⁵ For example, in *John Glenn Committee v. FEC*, the court held the Commission's rejection of a committee's argument was not arbitrary where the argument was supported only by a one-sentence affidavit, signed by an individual whose relationship to the campaign was not provided, which stated, "It was common knowledge that undistributed buttons in New Hampshire were sent to the southern states." 822 F.2d 1097, 1103 (D.C. Cir. 1987). The court focused on the facts that the individual's connection to the campaign was unknown, the affidavit concerned common, not personal knowledge, and the affidavit did not address all the facts asserted. *Id.*

Here, the affidavits are from individuals who had personal knowledge concerning the purpose and payment of the expenditures at issue and provide a detailed, plausible explanation of what occurred, which is consistent with other available evidence. Stephen Bryant, the North Carolina Governor's Executive Assistant and liaison with the state party, clarifies in his affidavit the meaning of his 1998 memorandum noting that Edwards for Senate was "responsible" for debts. He states Edwards for Senate and other committees agreed to raise funds for "the coordinated campaign on behalf of all Democratic candidates on the general election ballot in 1998." Further, he states that after the general election, the Committee owed debts to vendors including Hickman Brown and Pearce Research, and fundraising responsibility for these debts was assigned to committees including Edwards for Senate. Finally, he states the "request to the Edwards Committee for fundraising was not based upon the actual services of vendors that the Edwards Committee had used during the 1998 election campaign, but was instead based upon the perceived ability to raise funds on behalf of the Party after the election." Mr. Bryant had personal knowledge of the fundraising arrangements, and his explanation clarifies that Edwards for Senate was responsible for raising funds to pay debts owed by the Committee.

The other affidavits, from Gary Pearce, a principal in Pearce Research, and Harrison Hickman, a principal in Hickman Brown, are consistent with Mr. Bryant's explanation. Mr. Pearce explains that both the Committee and Edwards for Senate were his clients in the 1998 campaign, and he negotiated separate oral contracts and fees with each of them. He further states that he provided consulting services to the Committee on behalf of the entire Democratic Party

⁵ For example, in the Statement of Reasons following the Commission's audit of *Buchanan for President, Inc.* ("Buchanan Committee") pursuant to 26 U.S.C. § 9038(a), a statement signed by an individual and the Buchanan Committee's treasurer that the Buchanan Committee had agreed to pay the individual a stipend for living expenses was used as evidence of the purpose of the disbursement. See *Statement of Reasons, Buchanan for President, Inc.* (March 16, 2000) at 8-9.

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ticket in 1998, and his fee was for services "rendered solely to the Coordinated Campaign" not for services to Edwards for Senate, which he billed separately. Similarly, Mr. Hickman states that his firm provided a "broad range" of consulting services to the Committee including strategy, advertising and polling, which "focused on the entire Democratic ticket, as well as the image of the Party in general." He states the firm also performed services for Edwards for Senate, which were billed separately and paid by the Committee as 2 U.S.C. § 441a(d) expenditures. Finally, he states the Committee paid Hickman Brown the consulting fees for services rendered to the Committee, not for services rendered to Edwards for Senate.

Both Mr. Pearce and Mr. Hickman have personal knowledge of their firm's negotiations with the Committee and Edwards for Senate, and the work performed and fees charged to those clients. Their affidavits indicate that services and fees for the Committee and Edwards for Senate were separate, and the services provided to the Committee were related to the entire Democratic party ticket. Moreover, Mr. Hickman's explanation of the "broad range" of consulting services provided to the Committee supports the conclusion that his firm's consulting fee should not be allocated between the Committee and Edwards for Senate in the same way as payments for polling services. Therefore, based on these affidavits, this Office concurs that the additional amounts the Committee paid these vendors should not be considered coordinated expenditures on behalf of Edwards for Senate.

Finally, the Committee's response and attached affidavits do not address the expenditure paid to Bill Romjue. Therefore, because no additional information has been provided concerning this expenditure, it appears to be a coordinated expenditure on behalf of John Edwards; however, adding it to the Committee's other coordinated expenditures would not cause the Committee to exceed the 2 U.S.C. § 441a(d) limitation.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

January 22, 2001

Mr. W. Lyndo Tippett, Treasurer
North Carolina Democratic Victory Fund
220 Hillsborough Street
Raleigh, NC 27603

Dear Mr. Tippett:

Attached please find the Final Audit Report on North Carolina Democratic Victory Fund. The Commission approved the report on January 19, 2001.

The Commission approved Final Audit Report will be placed on the public record on January 29, 2001. Should you have any questions regarding the public release of the report, please contact the Commission's Press Office at (202) 694-1220. Any questions you have related to matters covered during the audit or in the report should be directed to Wanda Thomas of the Audit Division at (202) 694-1200 or toll free at (800) 424-9530.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert J. Costa".

Robert J. Costa
Assistant Staff Director
Audit Division

Attachment as stated

cc: Mr. John R. Wallace, Counsel

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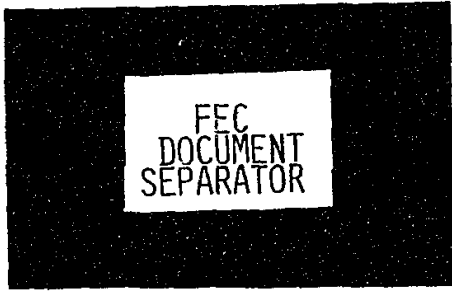
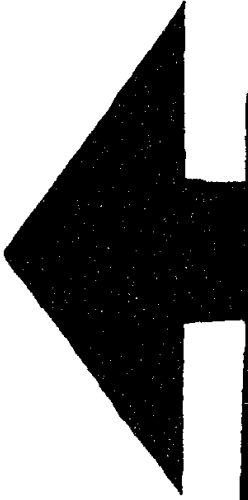
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CHRONOLOGY
NORTH CAROLINA DEMOCRATIC
VICTORY FUND

Audit Fieldwork	10/25/1999 - 12/10/1999
Interim Audit Report to the Committee	8/25/2000
Response Received to the Interim Audit Report	10/12/2000
Final Audit Report Approved	1/19/2001

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